



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing to Introduce the *Lodi Solar Rebate Program*, to Become Effective January 1, 2008 (EUD)

**MEETING DATE:** September 19, 2007

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** Conduct a Public Hearing to introduce the *Lodi Solar Rebate Program*, which would become effective January 1, 2008.

**BACKGROUND INFORMATION:** Senate Bill (SB) 1, otherwise known as the 'California Solar Initiative' or CSI, was enacted into state law in August 2006. In short, the CSI requires ALL electric service providers in the state to maintain a rebate program for the installation of eligible\* photovoltaic/solar systems on residential, commercial and industrial customer sites. The official start date of the CSI is January 1, 2008, and the program is mandated for 10 consecutive years. The new law requires utilities, like Lodi Electric Utility, to present its proposed solar rebate program to its governing board prior to the start-up date in January of 2008. The CSI also requires utilities to provide a rebate of no less than \$2.80/watt in year one, and then, the rebate level drops by 7% each year thereafter.

Lodi's program budget per year is \$600,000. This figure is based upon the formula provided in the new state law using total energy sales during the fiscal year 2005-2006, (Lodi's municipal utility percentage share of the CSI spending obligation is 0.79%; the total mandated rebate dollars for Lodi over 10 years is approximately \$6 million, while the total municipal utility share of the CSI for the 10 years is \$784 million).

In order to distribute the available rebate dollars in a fair and equitable manner, the following is being recommended:

- utilize the 2008 calendar year (or year one of the CSI) as a pilot project year; Staff will report back to Council on how the first year program has progressed and recommend any changes at that time;
- distribute the first year program rebate budget by 2006 calendar year megawatt-hour sales by customer class; thus for 2008, this would mean 25% of the \$600,000 budget be allocated for residential rebates (equaling \$150,000) and 75% for all non-residential rebates (equaling \$450,000);
- provide rebates on a first-come, first-served basis; should any particular customer class NOT utilize funding by November 1, 2008, then customers from another rate class may access those rebate funds; and
- other proposed program specifics are as highlighted in attachment 'A'.

\*Eligible solar projects: under the new state law, ALL solar systems must have a minimum warranty of 20 years; this warranty must cover both the photovoltaic/solar panels as well as the system inverter.

APPROVED: \_\_\_\_\_  
Blair King, City Manager

**Conduct a Public Hearing to Introduce the *Lodi Solar Rebate Program*, to Become Effective  
January 1, 2008 (EUD)  
September 19, 2007  
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**FISCAL IMPACT:** The Electric Utility will spend up to \$600,000 per calendar year to implement the state-mandated solar rebate program in Lodi.

**FUNDING:** Electric Utility is proposing a rate surcharge to fund this state-mandated program.

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Kirk Evans, Budget Manager

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George F. Morrow  
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

GFM/rsi/lst

Attachment 'A'

RESOLUTION NO. 2007-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY  
COUNCIL ADOPTING A LODI SOLAR  
REBATE PROGRAM TO BECOME  
EFFECTIVE JANUARY 2008

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WHEREAS, the California State Legislature and the Governor of California enacted Senate Bill (SB) 1, otherwise known as the California Solar Initiative, in the summer of 2006, and

WHEREAS, SB1 requires ALL electric service providers to maintain a solar rebate program commencing January 1, 2008, and continue that program for ten consecutive years, and

WHEREAS, the Lodi Solar Rebate Program will provide rebates totaling \$600,000 annually to residential and commercial customers rebates for installing solar systems on their property, and

WHEREAS, Program criteria and eligibility requirements are outlined on Attachment 'A,'

NOW, THEREFORE BE IT RESOLVED, that the Lodi City Council hereby approves a Lodi Solar Rebate Program to become effective January 1, 2008 and authorizing the Electric Utility Director to implement said program generally in accordance with the concepts contained in Attachment 'A' and to make programmatic adjustments as necessary to comply with the spirit of SB1 and to promote customer satisfaction.

Dated: September 19, 2007

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I hereby certify that Resolution No. 2007-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 19, 2007, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL  
City Clerk

2007-\_\_\_\_\_

## **Lodi Solar Rebate Pilot Project**

- Term: January 1, 2008 to December 31, 2017
- Annual rebate/incentive budget: \$600,000
- Rebates only provided for systems installed after January 1, 2008
- Rebates provided after system is installed and confirmed operational/qualified by EUD
- Customer may apply for a rebate before installation. A rebate application will hold the customer's place in line for available funds for up to ninety (90) days with staff discretion to extend for up to 90 days upon customer request.
- Rebate starts @ \$2.80/watt (year 1); decreases by 7% each year after
- Maximum rebate is up to \$375,000 per system, with a cap payment of \$75,000 per customer per year until entire rebate commitment is paid\*
- Panels installed per EUD engineering specifications
- Should any rate class (residential or non-residential) fail to utilize its share of funding by November 1, 2008, customers from another rate class may access those rebate funds
- Program funds unused in any one year will be carried forward to future periods
- Residential customers must consent to on-site energy audit
- Non-residential customers are encouraged to conduct on-site energy audit
- Customers will be paid for electric energy provided to EUD from the installed solar systems pursuant to the Net Metering and Co-Metering rate schedules, as appropriate

\* Example ONE: if a customer installs a 100 kW system in year 1 of the program, the total rebate would be \$280,000; the first rebate installment would be \$75,000, second installment would be \$75,000, third installment would be \$75,000, and fourth installment would be \$55,000

\* Example TWO: if a customer installs a 100 kW system in year 8 of the program, the total rebate would be \$167,000 (rebate level decreases by 7% annually; in year 8 of the program, the rebate level is \$1.67/watt); the first rebate installment would be \$75,000, the second installment would be \$75,000 and the third installment would be \$17,000

\* Example THREE: if a customer installs a 100 kW system in year 9 of the program, the total rebate would be \$155,000 (rebate level decreases by 7% annually; in year 9 of the program, the rebate level is \$1.55/watt); the first rebate installment would be \$75,000, the second installment would be \$75,000 and there would NOT be a third installment (\$5,000) because the program would be concluded



*Please immediately confirm receipt  
of this fax by calling 333-6702*

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT:** PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE  
REGARDING THE LODI SOLAR REBATE PROGRAM TO BECOME  
EFFECTIVE JANUARY 1, 2008

**PUBLISH DATE:** SATURDAY, SEPTEMBER 8, 2007

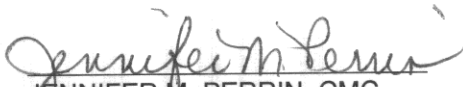
**LEGAL AD**

**TEAR SHEETS WANTED:** Three (3) please

**SEND AFFIDAVIT AND BILL TO:** RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED:** THURSDAY, SEPTEMBER 6, 2007

**ORDERED BY:** RANDI JOHL  
CITY CLERK

  
JENNIFER M. PERRIN, CMC  
DEPUTY CITY CLERK

\_\_\_\_\_  
DANA R. CHAPMAN  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

LNS Faxed to the Sentinel at 369-1084 at 12:30 (time) on 9/6/07 (date) 2 (pages)  
Phoned to confirm receipt of all pages at \_\_\_\_\_ (time) JMP DRC (initials)



## **DECLARATION OF POSTING**

### **PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE REGARDING THE LODI SOLAR REBATE PROGRAM TO BECOME EFFECTIVE JANUARY 1, 2008**

On Friday, September 7, 2007, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider introduction of an ordinance regarding the Lodi Solar Rebate Program to become effective January 1, 2008 (attached and marked as Exhibit A) was posted at the following locations:


Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 7, 2007, at Lodi, California.

ORDERED BY:

**RANDI JOHL  
CITY CLERK**

  
JENNIFER M. PERRIN, CMC  
DEPUTY CITY CLERK

\_\_\_\_\_  
DANA R. CHAPMAN  
ADMINISTRATIVE CLERK



## **CITY OF LODI**

**Carnegie Forum**  
305 West Pine Street, Lodi

## **NOTICE OF PUBLIC HEARING**

**Date:** September 19, 2007

**Time:** 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

### **NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN** that on **Wednesday, September 19, 2007**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Introduction of an ordinance regarding the Lodi Solar Rebate Program to become effective January 1, 2008

Information regarding this item may be obtained in the Electric Utility Department, 1331 South Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

A handwritten signature in black ink, appearing to be "Randi Johl", written over a horizontal line.

Randi Johl  
City Clerk

**Dated:** September 5, 2007

Approved as to form:

A handwritten signature in black ink, appearing to be "D. Stephen Schwabauer", written over a horizontal line.

D. Stephen Schwabauer  
City Attorney